



**COUNTY OF LOS ANGELES
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October 5, 2012

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe
Auditor-Controller *Wendy Watanabe*

SUBJECT: **SOUTH BAY FAMILY HEALTH CARE – A DEPARTMENT OF PUBLIC
HEALTH HIV/AIDS PREVENTION AND CARE SERVICE PROVIDER –
CONTRACT COMPLIANCE REVIEW**

We completed a review of South Bay Family Health Care (SBFHC or Agency), which covered a sample of transactions from March 2011 through April 2012. The County Department of Public Health (DPH) Division of HIV and STD Programs (DHSP) contracts with SBFHC, a non-profit organization, to provide HIV/AIDS mental health psychotherapy, case management, and support services.

The purpose of our review was to determine whether SBFHC appropriately accounted for and spent DHSP funds to provide the services outlined in their County contract. We also evaluated the Agency's accounting records, internal controls, and compliance with their contract and other applicable guidelines.

At the time of our review, SBFHC had two cost-reimbursement contracts with DPH. DPH paid the Agency approximately \$204,000 from March 2011 through April 2012. SBFHC provides services to residents of the Fourth Supervisorial District.

Results of Review

SBFHC provided services to eligible individuals, maintained the required personnel records, and appropriately charged expenditures to DHSP. In addition, SBFHC's Cost Reports reconciled to the Agency's accounting records, and their Cost Allocation Plan

was prepared in compliance with the County contract, and was used to allocate shared costs appropriately. We have no findings or recommendations for the Agency.

Review of Report

We discussed our report with SBFHC and DPH in July 2012. SBFHC is not required to submit a response to this report because there are no findings or recommendations.

We thank SBFHC management for their cooperation and assistance during our review. Please call me if you have any questions, or your staff may contact Don Chadwick at (213) 253-0301.

WLW:JLS:DC:AA:JS

c: William T Fujioka, Chief Executive Officer
Jonathan E. Fielding, M.D., M.P.H., Director, Department of Public Health
Trish Anderson, Board Chair, SBFHC
Jann Hamilton Lee, Chief Executive Officer, SBFHC
Public Information Office
Audit Committee

**SOUTH BAY FAMILY HEALTH CARE
HIV/AIDS PREVENTION AND CARE SERVICES
CONTRACT COMPLIANCE REVIEW
MARCH 2011 TO APRIL 2012**

ELIGIBILITY

Objective

Determine whether South Bay Family Health Care (SBFHC or Agency) provided services to clients who met the Department of Public Health (DPH) Division of HIV and STD Programs (DHSP) eligibility requirements.

Verification

We reviewed the case files for 15 (18%) of the 85 clients who received services from March 2011 to March 2012 for documentation to confirm their eligibility for DHSP services.

Results

SBFHC had documentation to support all 15 clients' eligibility for DHSP services.

Recommendation

None.

CASH/REVENUE

Objective

Determine whether SBFHC recorded revenue in its financial records properly, deposited cash receipts into the Agency's bank accounts timely, and completed and approved bank account reconciliations appropriately.

Verification

We interviewed SBFHC management, and reviewed the Agency's financial records and April 2012 bank reconciliations.

Results

SBFHC recorded revenue in their financial records properly, deposited DPH payments into the Agency's bank account timely, and prepared monthly bank reconciliations appropriately.

Recommendation

None.

EXPENDITURES/PROCUREMENT**Objective**

Determine whether expenditures charged to DPH were allowable under the County contract, properly documented, and accurately billed.

Verification

We interviewed SBFHC personnel, and reviewed financial records for \$3,638 in non-payroll expenditures that the Agency charged to DPH during January through April 2012.

Results

SBFHC's non-payroll expenditures were allowable, properly documented, and accurately billed.

Recommendation

None.

PAYROLL AND PERSONNEL**Objective**

Determine whether SBFHC charged payroll costs to DPH appropriately, and maintained personnel files as required.

Verification

We traced the April 2012 payroll costs for three employees, totaling \$4,813, to the Agency's payroll records and time reports. We also interviewed staff, and reviewed the personnel files for three SBFHC staff.

Results

SBFHC appropriately charged payroll costs to DPH and maintained personnel files as required.

Recommendation

None.

COST ALLOCATION PLAN**Objective**

Determine whether SBFHC's prepared its Cost Allocation Plan (Plan) in compliance with their County contract, and used the Plan to allocate shared costs appropriately.

Verification

We reviewed the Agency's Cost Plan, and a sample of expenditures from January through April 2012.

Results

SBFHC prepared its Plan in compliance with the County contract, and allocated their shared costs appropriately.

Recommendation

None.

COST REPORTS**Objective**

Determine whether SBFHC had any unspent revenue that should be returned to DPH.

Verification

We traced SBFHC's February and March 2012 Cost Reports to the Agency's accounting records, and to DPH's payment records.

Results

SBFHC did not have any unspent revenue.

Recommendation

None.